

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the Matter of:

Misuse of Internet Protocol (IP) Captioned
Telephone Service

Telecommunications Relay Services and
Speech-to-Speech Services for Individuals
with Hearing and Speech Disabilities.

CG Docket No. 13-24

CG DOCKET NO. 03-123

**REPLY COMMENTS OF THE
CALIFORNIA PUBLIC UTILITIES COMMISSION
AND THE PEOPLE OF THE STATE OF CALIFORNIA**

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The California Public Utilities Commission and the People of the State of California (California or CPUC) submit these reply comments to address the comments of other parties submitted in response to the *Report and Order and Further Notice of Proposed Rulemaking (Report and Order, FNPRM)*, which the Federal Communications Commission (FCC or Commission) released on August 26, 2013.¹ In the *FNPRM*, the FCC seeks comment on a number of proposals related to the tentative plan to transition to the states administration of Internet Protocol Captioned Telephone Service (IP CTS), a component of the federal Telecommunications Relay Service (TRS).

The CPUC comments here on two issues raised by other parties. Silence on any other issue should not be construed either as support or opposition to the other parties' comments.

I. MANAGEMENT OF RELAY SERVICE FUNDS

Consumer Groups opposed the FCC's proposal to migrate responsibility for IP CTS to the states, commenting that states "lack the consistent budgetary commitment, capacity, staff, advisory boards and infrastructure needed to properly administer their existing, yet alone an additional, TRS services."² In explaining their rationale for this

¹ *Report and Order and Further Notice of Proposed Rulemaking In the Matter of Misuse of Internet Protocol (IP) Captioned Telephone Service, Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, (Report and Order, FNPRM)*; CG Docket No. 13-24; CG Docket No. 03-123 (FCC 13-118), rel. August 26, 2013.

² Comments of The Hearing Loss Association of America ("HLAA"), Telecommunications for the Deaf and Hard of Hearing, Inc. ("TDI"), Deaf and Hard of Hearing Consumer Advocacy Network, National Association of the Deaf, Association of Late-Deafened Adults, Inc., Mill Neck Services, Inc., Cerebral Palsy and Deaf Organization, American Association of the Deaf-Blind, Consumer Groups, November 4, 2013, Page 18.

opposition, consumer groups noted that “at least six states had diverted funds away from their respective state relay funds to use for purposes other than supporting the state relay programs.”³ California was among the six states so identified. Accordingly, the CPUC here clarifies the circumstances of the loan from the fund that supports California Relay Service (CRS), and objects to the implication that, because of the loan, California is not able to administer properly and/or appropriately the public funds associated with CRS.

The CPUC’s Deaf and Disabled Telecommunications Program (DDTP) is funded by a surcharge which carriers collect from their end-user customers and remit to the State Treasury where the monies are deposited into a special fund, earmarked for the DDTP. The CPUC prudently and successfully administers the funds collected for the DDTP, a portion of which is dedicated to supporting the California Relay Service which is provided to customers through vendor contracts. In 2012, almost 600,000 Californians made nearly 3 million CRS calls. The CPUC’s advisory committees and vendors investigate any disruption of CRS service; California is not aware of any significant disruption in 2012 or 2013.

In 2008, now more than 5 years ago, the California Legislature borrowed monies from a surplus amount in the State Treasury fund dedicated to the DDTP. In the special legislation enacted to effect the loan, the Legislature specified that the borrowed amount, as set forth in the Governor’s 2008 budget, was to be repaid “... so as to ensure that the programs supported by the Deaf and Disabled Telecommunications Program

³ *Ibid*, page 17.

Administration Committee Fund are not adversely affected by the loan.”⁴ The loan was repaid over a several-year period, and was paid in full by fiscal year 2011-2012.⁵ The DDTP’s Annual Report shows no adverse effect as a result of the loan. New and existing users were, and continue to be, served by the DDTP, notwithstanding the loan.

II. LONG-TERM USE OF MARS

In its comments, Hamilton states that the “[Multistate Average Rate Structure] MARS is a proven, rational ratemaking methodology that should continue to be used for IP CTS.”⁶ Although MARS may indeed be a reasonable rate methodology for IP CTS and other TRS services for the short term, the CPUC does not share Hamilton’s enthusiasm for keeping the MARS methodology in perpetuity.

Longer term, California would like to see technologies for the deaf and hard of hearing begin to transition from proprietary, purpose-built equipment to more standards-based and interoperable networks and equipment. This transition is already underway as providers develop systems and services based on the SIP standard, for which interoperability is much easier -- if manufacturers and standards bodies can agree on a baseline of supported methods.

In the short term, the traditional TRS environment is likely to see both a declining number of providers, as well as a shrinking number of users, of the traditional services of relay, including landline captioned telephone service. At the same time, development

⁴ California Senate Bill 88 (Stats. 2008, c. 269) An act to amend and supplement the Budget Act of 2008.

⁵ DDTP Consolidated Annual Report, 2011-2012 Supplement, Page 6.

⁶ Comments of Hamilton Relay, Inc., November 4, 2013, page 1.

and deployment of newer services will both hasten the shift from traditional landline TRS and will put pressure on both the states and the FCC to respond with newer services. Without predicting which providers will no longer serve this market, the CPUC notes that a rate methodology such as MARS---which is based on a weighted average of competitively bid state rates⁷--- at some point, may not have enough providers to be called competitive. A further problem with a declining number of providers is that state procurement of TRS services, including potentially IP CTS, might be more difficult as the policies designed to insure low rates through competition will not be reflected in the marketplace.

The CPUC is not now recommending that the FCC either keep or abandon the MARS methodology. At the same time, California urges the FCC to monitor this transition from traditional TRS (TTY, landline captioned telephone service) to newer services and the concomitant migration of customers. This change will necessitate modification to the FCC's, and the states', means of administering the Federal TRS and parallel state programs.

III. CONCLUSION

California offers these brief reply comments on issues associated with the FCC's proposal to transition to the states administration of the IP CTS. The CPUC reserves the right to comment at a later time on whether the FCC should mandate provision of IP CTS.

⁷ *FNPRM*, Para 112.

Respectfully submitted,

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